

# *Internal Audit Progress Report*

Hinckley and  
Bosworth Borough  
Council

March 2017

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**Distribution List**

For information

Audit Committee

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# Introduction

## *Purpose of this report*

We are committed to keeping the Audit Committee up to date with Internal Audit progress and activity throughout the year. This summary has been prepared to update you on our activity since the last meeting of the Audit Committee and to bring to your attention matters that are relevant to your responsibilities as members of the Authority's Audit Committee.

## *2016/17 Internal Audit Plan Progress*

The draft 2016/17 Internal Audit Plan was presented and approved by the Audit Committee at its meeting on the 27 July 2016. The Internal Audit Plan sets out the risks that were identified as part of the planning process, together with the targeted work to be performed in order to address the identified risks. We will report back to you on any changes to the assessment of audit risks and on the work undertaken in response to the risks identified.

We have concluded our Internal Audit fieldwork and have issued reports in the following areas:

- Corporate Governance (final report);
- Partnerships (final report);
- Green Waste Charge (final report);
- Revenues and Benefits Partnership (final report); and
- Finance (final report).

We also have work planned and ongoing in the following areas:

- Compliance;
- Estates and Assets;
- Community Safety; and
- Housing.

A detailed assessment of our performance against the Internal Audit Plan, tracking assignments undertaken and planned activity is shown in Appendix One. At the time of writing this report we have completed 90 of the planned audit days. This represents 69% of the annual internal audit plan and is broadly in line with our planned timescales.

## *Changes to the 2016/17 Internal Audit Plan*

Since our previous Internal Audit Progress Report we have made the following changes to the Internal Audit Plan:

Our original plan indicated that the Housing review would focus on the HRA Investment Plan, deferred from 2015/16. Following a scoping meeting with the Chief Officer (Housing, Community Safety and Partnerships) in November 2016 it was confirmed that the Council has not yet implemented a new Investment Plan as it is awaiting the outcome of various legislative changes before determining the impact this will have on the future Housing Strategy. In agreement with management, we will use the six days included in the Internal Audit Plan to review the current processes and controls in place relating to the provision of the Disabled Facilities Grant within the Private Sector Housing area. This work is due to commence in late February 2017.

Our original plan indicated that we would include a 12 day review into the Information Technology General Controls and Processes in place across the ICT partnership arrangement so the external auditors of the Partnership Councils can place reliance on our work. Following a discussion with the external auditor for Hinckley and Bosworth Borough Council, it was understood that they would not place reliance on our work in this area therefore the review was not considered to be an appropriate use of internal audit resource. Some of the available days will be used to extend the scope of the compliance review which is planned to undertake a gap

analysis of information and cyber security risks against the PwC Cyber Security Confidences framework. This work is due to commence in late February 2017. The remainder of the days will be rolled forward into the 2017/18 internal audit plan.

### *2017/18 Internal Audit Planning*

We are set to meet with the Chief Executive, Monitoring Officer and Section 151 Officer during March 2017 to identify areas where we can support the Council and confirm areas of focus and considerations for the 2017/18 Internal Audit Plan.

We would like to seek input from the Audit Committee on the content of the 2017/18 Internal Audit Plan and would suggest some members of the Audit Committee are identified who can support us in identifying any particular areas of focus for the new financial year. We propose sharing a draft internal audit plan for approval by the Audit Committee at the April 2017 meeting.

# Activity and progress

## Reports

Since our previous Internal Audit Progress Report, we have issued reports for the following reviews performed in accordance with the 2016/17 Internal Audit Plan:

Ref	Name of audit	Conclusion	Report status	Number of recommendations made			
				Critical	High	Medium	Low
B3	Partnerships	Low	Final	-	-	-	1
B4	Green Waste Charge	Low	Final	-	-	-	2
C3/4	Revenues and Benefits Partnership	High	Final	-	1	1	3
A1	Finance	Medium	Final	-	1	1	2

## Planned fieldwork

Work is progressing, in line with the internal audit plan, in the following areas:

- **Estates and Assets and Community Safety:** fieldwork is substantially complete and we are preparing a draft report to share with management;
- **Housing and Compliance:** terms of reference, including timescales have been agreed. Fieldwork will be undertaken during February and March; and
- **Follow up:** we have reviewed the status update for a number of outstanding recommendations and requested additional evidence from management to resolve further recommendations.

# Appendix 1: Detailed progress tracker

<i>Ref</i>	<i>Auditable Unit</i>	<i>Indicative number of audit days*</i>	<i>Actual audit days to date</i>	<i>Proposed fieldwork dates</i>	<i>Scoping meeting date</i>	<i>Proposed draft report date</i>	<i>Proposed management response date</i>	<i>Proposed final report date</i>	<i>Audit Committee reporting date</i>
<b>A.1</b>	Finance	15	13	Q3	25/08/2016	13/01/2017	20/01/2017	27/01/2017	March 2017
<b>A.3</b>	Compliance	10	2	Q2	13/07/2016	March 2017	March 2017	April 2017	June 2017
<b>A.4</b>	Corporate Governance	15	13	Q2	13/07/2016	02/09/2016	09/09/2016	16/09/2016	October 2016
<b>A.6</b>	ICT	12	1	NA – combine with the Compliance review above					
<b>A.7</b>	Estates and Assets	16	10	Q3	25/08/2016	20/01/2017	27/01/2017	03/02/2017	April 2017
<b>B.1</b>	Housing	6	1	Q4	11/11/2016	03/02/2017	10/02/2017	17/02/2017	June 2017
<b>B.2</b>	Community Safety	6	5	Q3	25/08/2016	03/03/2017	10/03/2017	17/03/2017	April 2017
<b>B.3</b>	Partnerships	10	10	Q1	13/07/2016	October 2016	October 2016	October 2016	October 2016
<b>B.4</b>	Environmental Health	6	6	Q3	24/08/2016	25/11/16	02/12/16	09/12/16	December 2016
<b>C.3</b>	Housing Benefit	7	14	Q4	NA – combine with review below				
<b>C.4</b>	Fraud prevention and detection	7		Q3	15/08/2016	25/11/2016	02/12/2016	09/12/2016	December 2016
<b>D.1</b>	Project management	8	8	Q1-Q4	NA	NA	NA	NA	NA
<b>D.2</b>	Prior year recommendations follow up	7	4	Q1-Q4	NA	TBC	TBC	TBC	April 2017
<b>D.3</b>	Contingency	5	3	Q1-Q4	NA	NA	NA	NA	NA
	Total audit days	130	90						

*\* Where appropriate and in agreement with client management, we are able to flex our audit service to include more senior or specialist staff to respond to the risks generated by audit reviews. Where we do this we effectively agree a fixed fee for the audit work which is derived from the combined fees of the planned audit days allocated to this audit review during the annual planning process.*

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## ***Appendix 2: Overdue recommendations***

Review of the Traction system identified that there are 36 PwC audit recommendations which are currently overdue their agreed implementation date. In addition there are 14 internal audit recommendations made by CW Audit Services predating 1 April 2015. We have been working with the Section 151 Officer to encourage officers to update the system with a progress update, provide evidence and mark recommendations as complete. Whilst some officers have either updated the system themselves or provided PwC with an update there are still a large proportion of recommendations with no update. The lack of evidence provided by officers to demonstrate recommendations have been implemented has prevented us from removing recommendations from the action log.

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# Appendix 3. Recent Publications

## *PwC Publications*

As part of our regular reporting to you, we keep you up to date with the emerging thought leadership we publish in addition to updates on issues that may impact on the Council.

### *Good Growth for Cities 2016*

In the wake of the EU referendum result and its potential implications for the economy, it is no surprise that the government is placing renewed focus on driving growth, with an emphasis on ensuring that no cities or regions should be left behind.

But a city's vision for growth must extend beyond using Gross Value Added (GVA) as a measure of local economic success. The debate on local economic development needs to recognise the total impact that new policies and interventions can have in a place.

Importantly, places need to see success through the lens of what the public wants and needs, in both an economic and social sense.

Now in its fifth year, the PwC-Demos Good Growth for Cities index measures economic wellbeing as seen through the eyes of the public.

<http://www.pwc.co.uk/industries/government-public-sector/good-growth.html>

### *What does the public want from devolution?*

Devolution has the potential to be game-changing for good growth and public service reform across the regions, but to what extent has the public been engaged in the process? With 'metro' mayoral elections approaching in 2017, it's time for the public to have their say in the devolution debate.

Devolution has a part to play in delivering good growth and public service reform across the regions, but only if devolving power, resource and accountability results in a real impact on the day to day aspiration, experience and engagement of citizens and communities.

Yet, to date, the devolution debate has largely been confined to Whitehall and City Halls, with little success in bringing devolution to life with the public. Indeed, our research with Ipsos Mori and NLGN has shown that while the public are supportive of localising powers and decision-making in principle, they know less about what is happening in practice.

Better citizen engagement will lead to stronger turn-outs come Election Day and help the new Mayors to set and deliver priorities based on the outcomes that matter most for the public.

<https://www.pwc.co.uk/industries/government-public-sector/what-does-the-public-want-from-devolution.html>





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